

27 January 1958

MEMORANDUM FOR: Assistant Director/Research and Reports

SUBJECT: Personnel Resources and Assigned Responsibilities
of Economic Research Area

1. Since the Economic Research Area was established in 1953, its intelligence production and coordination responsibilities have been greatly expanded. During this period, the total authorized personnel strength of the units which now comprise the ERA has been reduced by [REDACTED] percent and the total on-board strength of these units has declined by about [REDACTED] (see Table 1). To meet the new responsibilities assigned during the past five years, the ERA has repeatedly reallocated its personnel resources, eliminated lower priority functions whenever possible, and reprogrammed its research effort. 25X9A2

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2. The major new functions absorbed by the ERA since 1953 are listed below. Personnel resources to carry out these new responsibilities have been drawn in nearly all cases from existing components in the ERA.

a. Military cost analysis - This program was undertaken in 1954, principally in support of the Office of National Estimates. The program is the full-time responsibility of one branch, the Military Economics Branch of D/I, and requires continuing support from 10-12 other ERA branches. [REDACTED] people have been provided for this branch and support from other branches is equivalent to about [REDACTED] other persons. 25X9A2 25X9A2

b. Economic Aspects of Nuclear Energy - Research on this subject, in support of OSI and ONE, was initiated in 1956 and is the full-time responsibility of a section of the ad hoc Fuels and Power Branch of D/M. About 10 other ERA branches contribute to this research. [REDACTED] people are presently assigned to this branch for this work and the equivalent of [REDACTED] other persons provide support. 25X9A2 25X9A2

- 2 -

25X9A2 c. Guided Missiles - Economic intelligence on the Soviet guided missile program has been the responsibility of the Guided Missile Branch of D/I (originally the ad hoc Guided Missile Staff) since 1955. Major direct support of research in this field is received from several other ERA branches. The authorized strength of the responsible branch is seven, and the equivalent of [redacted] other persons is assigned in supporting branches. *Pre-augmented*

25X9A2 d. Economic Penetration - A section of the Trade and Finance Branch, D/S, which replaced a small ad hoc staff created in 1955, covers Sino-Soviet Bloc economic activities in underdeveloped areas, in specific response to the requirements of policy-level consumers. This section comprises [redacted] persons and draws support equivalent to [redacted] additional persons from other ERA components. 25X9A2

25X9A2 e. NIS Program - Responsibility for the preparation and coordination of the economic sections of National Intelligence Surveys on the Sino-Soviet Bloc was assigned to the ERA in 1954. Since that time, the NIS program has accounted for between [redacted] of the total research effort of the ERA, with a particularly heavy impact on several key branches. This program has required the assignment of a minimum of [redacted] persons throughout the ERA. *Low estimate* 25X1A9b

f. Support to OCI - The Current Support Staff of the ERA was created in 1955 to provide current economic intelligence support to OCI and other IAC components. The Staff receives direct and continuing support from branches throughout the ERA. The personnel resources assigned to current intelligence support in the ERA amount [redacted] persons, including [redacted] on the Current Support Staff. 25X9A2

g. In addition to the foregoing, intelligence support to the Economic Defense Community became the principal responsibility of the ERA in 1956, when the Economic Defense Division was transferred from the Coordination Area of ORR to the Economic Area and became the Trade Control Branch, D/S. Although the scope of this activity has declined, personnel resources authorized for the responsible component have been reduced [redacted] General support of this activity is provided by many commodity and industry branches of the ERA. 25X9A2

- 3 -

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3. Apart from Economic Defense support, for which [REDACTED] positions were provided, the specific new tasks assigned to the ERA since 1953 have required the assignment of a total [REDACTED] professional and clerical personnel in the ERA components directly responsible. In addition, it is estimated that the equivalent [REDACTED] persons in other components has been required to provide essential specialized support to these activities, exclusive of staff support such as editorial services. Thus, a total [REDACTED] persons, or almost [REDACTED]

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strength of the ERA, has been assigned to responsibilities added to the ERA's mission since 1953 (see Table 2). Moreover, these tasks have been absorbed by the ERA without corresponding increases in personnel strength and with only minor reductions in other functions. Of the [REDACTED] positions now committed to these responsibilities, only two have been provided from outside the ERA. To put it another way, the diversion of this number of people to new priority work without compensatory additions of personnel has diminished the personnel resources available for assignment to the mission originally given us. In short, it is believed that we are presently spread rather thin, to the point where further uncompensated diversions to new tasks would be dangerous.

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4. Concurrently, the demands of the principal consumers of economic intelligence on the Sino-Soviet Bloc have increased to a level which accounts for about 65 percent of the ERA's total programmed research effort in FY 1958, as compared to less than 50 percent actually allocated in FY 1955 (see Table 3). We are now at the point where, in order to maintain the substantive competence required to provide effective support to consumers, it is essential that ERA analysts be permitted sufficient time to undertake basic research in their respective substantive fields and to maintain a current well-rounded understanding of economic developments in the Bloc. It is believed that the proportion of research time now available for this purpose after meeting priority external requests is approaching the point which the ERA considers an irreducible minimum. This means, in turn, that, given the continued high level of consumer demands, the ERA no longer possesses the flexibility in its research programming which would enable still further research responsibilities to be absorbed with present personnel resources.

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[REDACTED]

Enclosures: Tables 1, 2, and 3